



Department of Justice

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JUSTICE DEPARTMENT FILES LAWSUIT TO BLOCK FIRST DATA'S ACQUISITION OF CONCORD EFS

Deal Would Result in Higher Prices to Merchants for PIN Debit Transactions and Consumers Who Buy Goods and Services from Them

WASHINGTON, D.C. – The Department of Justice today filed a civil antitrust lawsuit to block the proposed \$7 billion acquisition of Concord EFS Inc. by First Data Corporation. The Department said if the merger were allowed to proceed, it would substantially reduce competition among PIN debit networks, and could result in consumers paying higher prices for goods and services from merchants that offer debit transactions.

According to the complaint, filed in the U.S. District Court in Washington, D.C., Concord and First Data own STAR and NYCE, the largest and third-largest PIN debit networks, respectively. These networks enable consumers to purchase goods and services from merchants through PIN debit transactions by swiping their bank card at a merchant's terminal and entering a Personal Identification Number, or PIN. According to the complaint, PIN debit networks provide an increasingly important method of payment for consumers and retailers because PIN debit is the least expensive, most efficient, and most secure form of card payment. In 2002, consumers used PIN debit networks to purchase more than \$150 billion in goods and services.

"If allowed to proceed, this merger of two of the three largest PIN debit networks will lead to higher prices to merchants, forcing them to pass on those price increases to many consumers throughout the United States in the form of higher prices for general merchandise,"

said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "In filing this lawsuit, the Department is seeking to preserve the benefits to American consumers of competition among PIN debit networks."

The Department was joined in its complaint by the District of Columbia and the following states: Connecticut, Illinois, Louisiana, Massachusetts, New York, Ohio, and Texas.

Previously, on October 9, 2003, the Department informed the Federal Deposit Insurance Corporation (FDIC), that the application by First Financial Bank, whose ultimate parent is First Data, to purchase certain assets and assume liability to pay certain deposits of Concord EFS National Bank would not have a significantly adverse effect on competition.

First Data Corporation, headquartered in Greenwood Village, Colorado, is a Delaware corporation. First Data owns 64 percent of NYCE Corporation, which operates the NYCE PIN debit and ATM network. NYCE is headquartered in Montvale, New Jersey. In 2002, First Data reported worldwide revenues of \$7.6 billion. First Data's merchant services group, which includes NYCE, accounted for \$2.8 billion of the company's revenues.

Concord EFS Inc., headquartered in Memphis, Tennessee, is a Delaware corporation. Concord operates STAR, the nation's largest PIN debit and ATM network. In 2002, Concord reported revenues totaling nearly \$2 billion.

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